

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID QUARTERLY MEETING

December 15, 1998

OPENING REMARKS, William S. Reese, ACVFA Chair

ACVFA Chair William Reese began by welcoming two guests, Mr. Toshiro Ozawa, Deputy Director-General for North American Affairs in Japan's Ministry of Foreign Affairs, and Mr. Hitoshi Ozawa, of the Embassy of Japan.

"The presence of these distinguished guests is very welcome," he told participants, "and reflects the interest of the Japanese government in learning more about the U.S. government's work with NGOs." ACVFA is more than 50 years old, Mr. Reese continued. Committee membership changes every two years, and this is the fifth meeting of the current Committee. This Committee has organized itself into three subcommittees, each concerned with a major issue. These are Results/Procurement led by Peter Reiling of Technoserve, Non-Presence Countries led by Robert Chase of World Learning, and Civil Society/Partnership led by Lester Salamon of Johns Hopkins University's Institute for Policy Studies.

Mr. Reese noted the Committee's appreciation for the seriousness with which USAID views the ACVFA's agenda and the respect the Agency shows its partners. He remarked positively upon USAID's recent worldwide Mission Directors' conference in which partners were full participants. Mr. Reese then thanked John Grant, Director of PVC, for his leadership and support to ACVFA. Mr. Grant will be leaving PVC to assume the position of Mission Director of USAID/Bulgaria.

Mr. Reese concluded by introducing the keynote speaker, Thomas H. Fox, USAID's Assistant Administrator for Policy and Program Coordination. Mr. Fox has served as the President and CEO of two PVOs; has served on the Board of Directors of InterAction; has been the Chair of ACVFA; and was formerly Director of PVC.

KEYNOTE ADDRESS, Thomas H. Fox, Assistant Administrator for Policy and Program Coordination

Mr. Fox began by also welcoming the visitors from Japan, and noting that their presence is a tribute to the Committee, since it is the Committee's example that has stimulated the government of Japan's desire to learn more about how the U.S. government works with NGOs. He noted that the relationship between civil society organizations and government foreign assistance is an important one. The invitation to USAID's principal partners to participate in the recent Mission Directors' conference as representatives of their communities was a signal of the value that USAID places on

these relationships. The conference was the first in recent memory in USAID in which Mission Directors from around the world met together in the same place at the same time along with senior managers from headquarters as a “corporate whole.” It was also the first time that more than 25 leaders representing USAID's partners participated in such a conference, not as observers, but as full participants. Mr. Fox reported that USAID Administrator Brian Atwood opened the conference by welcoming “Mission Directors and Partners.” The conference reinforced the fact that, as Mr. Reese had noted, we share the same issues and agenda. (Attached - full conference report)

While some of the topics focused on USAID internal operations, such as workforce planning, staff training, and information technology, many more focused on USAID processes that have an impact on partners. This included managing for results, measurement and reporting, acquisition and assistance, and relations with partners in general.

Mr. Fox reported on some of the items discussed. He indicated that changes are being made to improve the Agency's implementation of the Government Performance and Results Act and to make it easier for partners to participate in the Agency's strategic planning process and to report on results. Changes to the Results Review and Resource Request (R4) process include reducing the length of the report, reducing the Washington review process, and eliminating performance measures that are not useful for program management. The revised R4 Guidelines will be available in the near future. Another improvement is that more training is being offered to program officers and contract officers on managing for results.

Also discussed was the need to revise the Agency Strategic Plan. Mr. Fox affirmed that USAID is committed to involving partners, including ACVFA, early in this process. This will provide an opportunity for the Agency and partners to capture more fully what we are doing and to integrate into the plan the crosscutting issues, such as gender and civil society.

While the Agency's operating expense budget has been reduced significantly, USAID is working to build its overseas strength by replenishing its ranks. Seventy-five to 80 new Foreign Service officers - both at the International Development Intern (IDI) and mid-career levels - are being placed throughout the agency.

There is a need to review USAID's policies in relation to non-presence countries. The ACVFA's Non-Presence Subcommittee has been helpful in discussions that have already been held on this issue. A revised policy framework for decisions about programming in graduation and exit countries will be formulated by the end of the year.

The highlight of the Mission Directors' conference was an appearance by Secretary of State Madeleine Albright. She emphasized that making progress towards a world as we want it “is not a job for diplomats alone, or for development experts alone, or for

Americans alone, or for governments alone. It will require a pooling of energy and expertise, resources and will. It will require that we work with each other, and with partners from around the globe.”

Mr. Fox congratulated ACVFA for taking on the issue of civil society and how it can be better integrated into the whole foreign policy program. “Support for civil society is fundamental to our work,” he said, “and it is key to development and to sustaining our efforts.” It is also essential for broad-based participation, democratization, and strong public/private partnerships. NGOs are a vital component in the full spectrum of activities in which USAID is engaged. USAID is strengthening NGOs and other civil society organizations by funding umbrella grants, providing endowments, creating networks and coalitions, and supporting community based organizations directly with vouchers that enable them to choose their own service providers.

The regional bureaus each have their own approaches. The Asia and Near East (ANE) Bureau started the first PVO co-financing program to give small grants to individual NGOs through an umbrella mechanism. Strengthening civil society has been a major focus of the Eastern Europe and New Independent States (ENI) Bureau, with projects such as the Democracy Network which provides training workshops, small grants, and technical assistance to civil society organizations in Eastern Europe. The Latin America and the Caribbean (LAC) Bureau has used endowments to support civil society organizations, especially in the natural resource management sector. The Africa Bureau is using multiple approaches to strengthening African civil society organizations including umbrella grants, foundations, and regional capacity-building initiatives.

The Central Bureaus - the Bureau for Humanitarian Response and the Global Bureau - have played key roles in strengthening civil society organizations. The Global Bureau’s Democracy Center has built the capacity of advocacy groups to promote democracy in USAID-assisted countries around the world. The Office of Private and Voluntary Cooperation (PVC) has played a vital role in supporting the efforts of U.S. PVOs to partner with local NGOs and to engage in capacity building activities for local NGOs. PVC has also been active in working with other donors to strengthen civil society organizations. PVC played a leadership role in the new International Forum on Capacity Building, which brought together multilateral and bilateral donors, southern and northern NGOs and foundations to discuss how to improve coordination related to strengthening civil society organizations.

Nevertheless challenges remain. One of these is the evolving role of U.S. PVOs in their relations with local NGOs. The dynamics of north-south relations are changing and it is important for U.S. PVOs to work in partnership with local NGOs. There is a shift from service delivery to capacity building for local NGO partners. Making this shift is not easy and requires that U.S. PVOs acquire new skills in order to play new roles. There is a need for more documentation of success stories in this sector. Both USAID and PVOs have taken innovative approaches to working with civil society, but we have not done as good a job of distilling and disseminating what we have learned. There is

also a need to do a better job of mainstreaming work on civil society and systematically tracking and measuring its contributions towards meeting our strategic objectives. Civil society is less clearly articulated than other sectors in which the Agency works. While we understand the role of civil society in promoting democracy, we need to show that it also contributes to our objectives in other sectors. This is an important issue to consider as the Agency revises its strategic plan over the coming year. The ENI Bureau has done groundbreaking work in developing a sustainability index that its Missions are using to systematically assess the strength of the civil society sector. It is hoped that this tool can be adapted for use by Missions throughout the world.

Finally, it is important to strengthen the enabling environment for civil society. There is a need both to promote the laws and mechanisms that support a strong civil society, as well as to encourage positive and collaborative relationships between governments and civil society organizations, which are often fraught with tension, for reasons ranging from political concerns to competition for donor resources. It will also be important to help create a philanthropic culture to sustain civil society organizations over the long term.

Mr. Fox concluded by saying that these are tough issues to which ACVFA has contributed constructive dialogue. He informed the participants that the USAID Administrator has asked ACVFA to develop recommendations to assist the Agency so that it can do this work even better. ACVFA's Civil Society Subcommittee has met with senior management in the Bureaus and has laid the groundwork for addressing issues related to strengthening civil society. The Subcommittee has put together an exciting program for today's meeting. Mr. Fox concluded by asking for questions from the floor.

Discussion:

ACVFA Member Peggy Curlin requested working definitions for three terms - civil society, civil society organizations, and democracy and governance - and how these intersect with the Agency's civil society approach. Mr. Fox replied that "civil society is the functioning of the non-governmental sectors of a society in relation to the public good, or their functioning in a citizenship capacity. Civil society organizations are structures through which a society can affect the public good. There is a broad range of these organizations - they can be grassroots organizations, community-based organizations, etc. Democracy and governance is aimed at strengthening institutions and practices that lead to a climate, structures and processes that result in freedom of expression and choice and participation in the overall governance of the society. The role of civil society organizations is to provide a foundation for this to happen."

ACVFA Member Elise Smith said that she was pleased to hear of USAID's interest in crosscutting issues in the revision of the strategic plan, especially gender. She asked what progress is being made on implementation of the Gender Plan of Action. Mr. Fox responded that the inadequate treatment of gender in the strategic plan is one reason why the Agency is revising the plan ahead of the required revision in 2000. Gender is

one of those areas to be integrated in the strategic plan as a crosscutting issue within the other strategic objectives in a way that is trackable, although not a crosscutting strategic objective itself. Efforts have already been undertaken to develop measurement and evaluation tools to track it. Within PPC a team has been formed to conduct an evaluation to determine what progress has been made on gender under the current strategic plan.

ACVFA Member Ted Weihe questioned the fact that Requests for Applications (RFAs) and Requests for Proposals (RFPs) often use different definitions of civil society organizations ranging from the very broad to the very narrow. He noted that USAID's policy statements play out in the instruments that are used to program resources, and it is the language of RFAs and RFPs that will determine how civil society organizations are defined in practice. Mr. Weihe asked whether PPC has mechanisms to monitor RFAs and RFPs to ensure that the definitions used by the Missions and Bureaus are consistent and in conformance with policy.

Mr. Fox replied that it is appropriate to take different approaches in different contexts. While PPC does not have a monitoring role, it is in a position to determine the definitions used in the strategic plan and to promote strategic choices so that self-policing takes place within the Bureaus. He acknowledged that at present, too much emphasis has been placed on the democracy and governance aspects of civil society organizations, but that the Agency plans to broaden the emphasis to include other roles and types of organizations.

ACVFA Member Bob Chase requested an update on the ongoing negotiations between USAID and the State Department in relation to the coordination of foreign affairs responsibilities. Mr. Fox replied that discussions have taken place over the last month on the implementation of the law for reorganization of foreign affairs agencies. There will be a report by December 21, 1998 and a plan by April 1, 1999. The separateness of USAID is a given, Mr. Fox replied, and the challenge is how to define coordination to preserve its distinctness while at same time conforming to the Secretary of State's policies maintaining foreign assistance as part of foreign policy.

PANEL DISCUSSION: "How do civil society organizations contribute to sustainable development, how can US development assistance facilitate these contributions, and what needs to be changed in current policies and practice?"

Panelists: Dr. Lester Salamon, Chair, ACVFA Civil Society Subcommittee (Moderator); Dr. Norman Uphoff, Professor of International Agricultural Development, Cornell University; Dr. Ramon Daubon, Associate, The Kettering Foundation; Dr. Michael Woolcock, Social Scientist, Development Research Group, The World Bank; Ros Tennyson, Director, Learning and Leadership Programmes, The Prince of Wales Business Leaders Forum (BLF); and Dr. Charles Akinola, Country Director, Technoserve/ Nigeria

Dr. Lester Salamon introduced the panelists and the topic. ACVFA has been active for more than 50 years with the aim of strengthening the relationship between civil society organizations and NGOs and the U.S. Government. Yet civil society organizations have become a new force on the world scene in this decade with the unprecedented upsurge of local civil society organizations - numbering in the hundreds of thousands - in countries in which USAID works. Civil society organizations share the following five characteristics: (1) they are organizations, in that they are organized around shared purposes; (2) they are non-governmental, and not part of the state apparatus; (3) they are non-profit, in that they do not distribute profits to their owners; (4) they are self-governing, rather than externally controlled; and (5) they are voluntary, both in the sense of being non-compulsory and in the sense of voluntary involvement in their governance or operations.

This new phenomenon of civil society organizations necessarily changes the roles and responsibilities of different players in the development process. What are the contributions and strengths that indigenous civil society organizations bring to the process? How can USAID and other donors best encourage these contributions and develop these strengths? What are the limitations of these organizations and what can USAID do to help them overcome these limits? What are the implications for the role of US PVO community? And what has to change to enable them to respond appropriately? These are the questions that will be explored by the panelists.

USAID has made significant progress in supporting the efforts of civil society organizations. Seeking to better understand USAID's approach to civil society, the ACVFA Civil Society Subcommittee has carried out a survey of USAID senior staff throughout the central and regional bureaus to get a sense of what the Agency is doing as a whole to promote the sector. With today's panel and discussion, the Subcommittee has reached outside the agency to see who else is making contributions in this sector. The aim of the panel is to stimulate active dialogue about the future direction of civil society policies.

Dr. Salamon opened the panel discussion by posing the following question to the panelists: USAID has six broad-based goals. What do panel members think about the contribution of civil society to these goals? Can indigenous NGOs contribute to the other five (even though USAID currently articulates a role for these organizations in only one of them - democracy and governance)?

Dr. Uphoff responded that civil society organizations emerge in response to two types of situations. The first is in situations in which people live lives of quiet desperation; the second is in situations of natural disaster or some other shock--for example, the hurricane in Central America or the crisis in South Korea. In general, civil society organizations have been successful in addressing crises.

Dr. Woolcock agreed, noting that the World Bank has been looking at the handling of crises by civil society organizations, such as natural disasters and the South East Asian crisis. The Bank has found that famine is the area in which civil society organizations are most effective.

By their nature, Dr. Akinola pointed out, civil society organizations have been addressing the five goals of USAID besides democracy and governance. For example, in Nigeria, microcredit and business creation NGOs have done much more than they set out to do. In such a large country, international PVOs cannot have an impact without working in partnership with local NGOs. For this reason they have focused on strengthening the capacities of local NGOs. The strengths of local NGOs include: legitimacy, understanding of local circumstances, their ability to provide service delivery, and their ability to address issues of democracy and governance, such as women's voting rights, in ways that international PVOs cannot.

Ms. Tennyson, of the Prince of Wales Business Leaders Forum (BLF), added that from her organization's point of view, civil society organizations working in relationships with other sectors of society can be a leading force in sustainable development. BLF has three working objectives, she explained. These are to promote responsible business practices, to promote cross-sector partnerships, and to create an enabling environment to bring about the first two. In emerging economies, a downsizing of governmental apparatus occurs in which civil society has an important role to play in developing entrepreneurial skills and an entrepreneurial spirit. In addition, it can have impact by training business in ethical practices. She described specific cases where civil society has been critical to sustainable development. For example, in the Philippines, an NGO served as a broker between a chicken company and farmers, enabling the farmers to learn to produce the corn that the company had been importing at high cost.

Dr. Daubon explained that the Kettering Foundation is a research and action foundation. Its activities have centered on a national issues forum network in the US and now is undertaking similar activities in the international arena, through the Consortium for International Democracy.

The next question posed by Dr. Salamon was "How does one make the case that an organization like USAID ought to devote a share of its resources to developing civil society at a time of shrinking resources?"

"One can point to the contributions that have been made by civil society organizations," said Dr. Uphoff. NGOs have the autonomy and the independence that allows them to do things that government bureaucracies cannot.

Dr. Woolcock pointed out that evaluations should enable the benefits of participation to speak for themselves. He explained that the findings of a World Bank study on the impact of participation are that projects that are based on a high level of participation are five times more likely to be effective than those that are not. What is the dynamic

that explains this? Dr. Woolcock proposed that it is the synergy between formal expertise and local expertise, or social intelligence.

Citing the work of Douglas North, Dr. Daubon posited that it is related to "transaction costs" - when rules of game are known, then the transaction costs are reduced - since social capital results in lowered transaction costs. He explained that there are different types of social capital - that operating at the community level as well as that operating at the public level, and that those two must be bridged to convert to a "high trust" society.

Dr. Uphoff countered that the notion of transaction costs is reductionist. A human being is more than a pursuer of narrow self-interest. A human being is a part of a community, and strives to be a part of a community. This is precisely what civil society has to offer - which is something more than narrow self-interest. Dr. Daubon cautioned that strengthening organizations themselves is not a guarantee that they will be effective if they are beholden to or dependent upon the local government.

"Perhaps we are romanticizing this sector," said Dr. Salamon. "What is the dark side of this sector? For example, the phenomenon of 'briefcase NGOs' who receive money and disappear into the night. How do we minimize these risks and address such concerns?"

Ms. Tennyson explained an exercise used by BLF to get trainees from the three sectors with which they work to take a look at the strengths and weaknesses of their own sectors and the other two sectors. Trainees are asked what they believe their own sectors have to offer towards sustainable development and what the other sectors have to offer. "A society is strong," said Ms. Tennyson, "when these three sectors are equally strong. Thus the question becomes 'How will this society be sustained with contributions from all these sectors.'" This model does not assume that the business community will take over the role of being an aid donor. There is a need for a model that integrates aid into business that does more than simply tack it on at the end of the day when there is extra money. This relationship building role, or intermediary role, is one that can best be played by civil society organizations.

Dr. Akinola proposed that among the strengths of civil society organizations are the social functions that they fulfill. Among their weaknesses is their shyness about documenting their successes. A lack of resources is a constraint faced by these organizations, which are moving away from being informal groups to formal groups. The concept of an NGO is a new one in most parts of the world. There is also the issue of credibility both from local and from donor perspectives. "There is a need for capacity building, but there is also a need to meet them where they are - and they are new and young," concluded Dr. Akinola.

One must distinguish between the limitations that are inherent to NGOs versus the issue of corrupt NGOs, Dr. Woolcock pointed out. There is also the issue of substituting NGO- provided services with services that governments should be providing. One

inherent limitation is related to scaling up. As NGOs become more successful should they then close down because they succeeded or should they scale up? This depends on the context out of which they emerged. Did they emerge as a response to an absence of services which governments should be providing but are not, or did they emerge because gaps existed that NGOs should fill, and that they then succeeded in filling?

Dr. Salamon pointed out that resources can change an organization, in ways that are not always positive. “How can USAID reach these organizations without overwhelming them with funds?” he queried.

Dr. Daubon suggested that USAID should invest in the set of relationships among the different sectors of society and among civil society organizations themselves. It would also be useful to examine the conditions that created change in places like Tupelo, Mississippi, and Banana Kelly in New York, to see what was not simply the result of serendipity, and then try to replicate those conditions.

Dr. Uphoff commented that one problem is that we take a heterogeneous phenomenon and try to generalize and essentialize it. “Or,” he said, “we try to dichotomize it—for example, there are good ones and bad ones. Part of what we see is due to the limits of our cognitive functions. We tend to dichotomize things as good or bad. This is related to language.” He proposed using a phrase from Buddhist philosophy that, “Things exist not in their essence, but in their contingency.” “What an NGO is depends on many factors. We need to think in a much more relaxed and purposeful way,” he concluded.

Discussion:

The first point addressed to the panel was that it is recognized that organizations are different and that they change over time. One cause of that change can be donor intervention. Providing assistance to an organization can change its character. Donor organizations should look closely at the assistance they are planning to provide to organizations to ensure that it is not undermining the qualities they want to strengthen. For example, a participatory organization can become less so when money is channeled to members. What can USAID and U.S. PVOs do to build up the “bank” of social capital? Are there examples of successful strategies for building social capital in societies?

Dr. Woolcock responded that donors such as USAID and the World Bank are not in the business of creating civil society. What is key is the role of the state and public policies in creating a situation that contributes to reducing inequality and to empowering and giving voice to unempowered groups, especially women. The Bank has learned that it gets “more bang for the buck” where participatory mechanisms are in place, when there is sound management, and when public institutions are accountable. Thus the role of the Bank is to promote the kinds of policies that enable these conditions to develop. “Tinkering with the social structure of a society is tinkering with dynamite,” he concluded.

Dr. Daubon agreed that money does change organizations and that donors should seek ways to support organizations without making them dependent. Direct assistance leads to dependence; the question is how do we help them build up as institutions so they can do those things themselves with their own funds?

ACVFA Member Bradford Smith congratulated the panel "for arriving at middle ground between the clouds and the ground." He offered a critique of the panel's definition of a civil society organization. The definition must include a vision of the type of society that your organization is trying to create, and must take into account the values that the organization embodies. He explained that if one looks only at the five criteria for a civil society organization that were proposed, many organizations could fill them--for example, Hamas which provides many services but falls short on democracy, or the National Rifle Association or anti-abortion groups in the United States. Aid agencies must make choices guided by their understanding of the values represented.

ACVFA Member Kathryn Wolford asked that given that trade overpowers aid, in the context of economic globalization, where there are often no regulatory mechanisms, what is the role of civil society?

Ms. Tennyson responded that civil society is based on the empowerment of the individual. Civil society is the guardian of heritage and cultural values. That aspect can affect the negative effects of globalization (the generalized conglomerate view of the world). Civil society is the sector from which have come the most creative and imaginative solutions and responses. For example, the Grameen Bank is now initiating a pension plan for poor families which will address population problems, since having many children is currently the only "pension plan" available to poor families in many countries. She added that civil society organizations can pressure for appropriate "good" investment in a country. They can petition governments to require that investors follow certain policies, or that they offer something of value to the country. Individuals with intermediary-type skills, or who can be mediators between business and government, will be increasingly in demand in civil society organizations.

Dr. Salamon asked, "Isn't globalization the lever that will lead some corporations to enter into some of these partnerships? This may be the only benefit to result from globalization."

Dr. Woolcock responded that globalization can be good or bad for a society depending on the conflict resolution mechanisms available at the macro level and on the strength of its civil society organizations at the micro level. Both assist countries to weather the storm. How countries weather the storm also depends on the degree of equality throughout the society.

ACVFA Member Ted Weihe pointed out that we have divided the world up into business, civil society organizations, and governments. Is this division useful? Have theoreticians come up with different divisions? Where do organizations such as the Grameen Bank fit in? Is it a bank? Is it an NGO? Where do cooperatives fit in?

Dr. Salamon replied that the traditional division was between the public and private spheres. Dr. Uphoff added that government is based on governance principles, business on profit motives, and civil society on self-help. In the real world some combinations work better than others. We haven't figured out yet how to get all three working well together. Dr. Woolcock reminded participants that during the 50s and 60s, the heyday of policies based on modernization theories, civil society was viewed as something that was based on backward values that need to be purged to advance.

Ms. Tennyson suggested that civil society is as old as society itself. For example, religious institutions have traditionally been considered to be as important as government or business. Recently civil society has been "hijacked" by democracy and governance, when it is actually much broader. The three sectors of government, business and civil society are not accepted in all societies. Organizations such as the Grameen Bank serve as intermediaries among the three sectors.

Ms. Cathryn Thorup of USAID's Bureau for Policy and Program Coordination added that there is a need to find ways of linking the three sectors. Do we strengthen civil society organizations or do we allow them to grow? There is a need to do both. There is also a need to strengthen the environment in which they work. There is a need to strengthen their capacity to do work. And finally there is a need to strengthen the linkages, both vertical and horizontal, among the three sectors.

In conclusion, Dr. Salamon asked the panelists what should be the priorities for USAID policy and practices?

Dr. Uphoff pointed out that continuity of support is important to partners, while lack of continuity, caused by donors providing short-term funding and then pulling out, can be very damaging. "The aid community suffers from attention deficit disorder," he added. Long-term support should be provided, and this should be built into USAID's strategy and procurement regulations. In addition, he noted that a multisectoral approach to civil society is needed that would catalyze intersectoral partnerships and would assist local NGOs to link with other organizations and sectors."

Dr. Woolcock commented that in the 50s and 60s bigger was seen as better. In the 70s and 80s, "less was better" regarding government. In the 1990s it should be that "better is better" for good government. Donor agencies should model an approach of partnership with PVOs and NGOs and should listen to them. The approach should be based on both partnership and comparative advantage - what do you do well, what do we do well.

Dr. Akinola said that one of the most important questions that remains to be answered is the future role of U.S. PVOs. U.S. PVOs should plan exit strategies so those local competencies can take over. Only in this way will they contribute to sustainable development. USAID should enable local organizations to have direct access to resources, and should support capacity-building programs that train local organizations to report on funds and to be fully accountable for them.

Ms. Tennyson offered four recommendations. She suggested first that USAID must define “partnership.” The definition should include the two separate concepts of sharing risks and benefits and sharing a relationship. Her second suggestion was that USAID look at the actual and potential roles of business - beyond philanthropy - and apply the lessons learned. The third was for USAID to invest in cross-sector delivery mechanisms. The fourth was that USAID should consider investing in intermediaries that can build the necessary skills and relationships among sectors.

Dr. Daubon emphasized that discovery of common interest is key for civil society. A strong NGO sector is necessary for a strong civil society, but in the absence of a democratic civic culture, strong NGOs do not necessarily result in a strong civil society. A democratic culture leads to a strong civil society, which in turn leads to development. Thus, the focus should also be on developing a democratic culture. It is important also to realize that specialization and globalization are part of the context in which we work, and we should use those factors to our advantage in developing civil society.

Dr. Salamon summarized the discussion by listing the following points:

- There is a set of institutions besides the market and the state that contribute to meeting USAID's objectives.
- These organizations have human and other resources, such as social intelligence.
- These organizations encourage participation, can foster trust and can cut "transaction costs," and can promote economic growth.
- These organizations have strengths, but also limitations, and some of them are still fragile. Thus, we must meet them where they are, as opposed to where we are.
- This sector may have its greatest impact as a catalyst for relationships between governments and business.
- Continuity is extremely important for partners.
- Assistance needs to be designed so that it enables these organizations to protect that which makes them great. This will require a shift in the aid community's *modus operandi*.

- U.S. PVOs need to redefine their partnership with local NGOs. This will require a shift in the PVOs' *modus operandi* toward seeing themselves as NGO partners.
- The potential role of civil society organizations as intermediaries between other sectors should be fully explored.

AFTERNOON BREAK-OUT SESSIONS

SESSION ONE: USAID and US PVO Policy toward Civil Society Organizations

Moderator: Dr. Cherri Waters, Vice President, InterAction

What are the guiding principles and operational procedures that USAID and U.S. PVOs should use in working successfully with civil society organizations?

Moderator Cherri Waters welcomed participants and suggested that the purpose of the group was to come up with three recommendations to take to USAID.

A participant questioned what is meant when we talk about USAID and U.S. PVOs working successfully with civil society organizations? Is it channeling resources? Or is it a combination of working and channeling resources? We have been using the word partnership--partnership means also identifying common goals. Resources are not just cash, but also human resources. USAID is looked to as a source of resources. So when we are asked to talk about this, what is meant? Resources or real partnership?

Seeking clarification, Dr. Waters asked, "Are you asking to what extent is the fundamental question one of resources or one of more than resources? Tell us what working successfully would mean from your perspective." PVC Director, John Grant interjected that, in his opinion, success means not only that an organization has succeeded in achieving its immediate goals, but that it is strong enough to move on and address other challenges on its own. It also means that the organization can mobilize resources locally to attack the problem. The transfer of skills thus goes both ways.

ACVFA Member Kathryn Wolford added that there are also qualitative aspects to success. One of these is the degree to which the NGO maintains its autonomy and accountability to its base constituency, while increasing its technical and organizational capacities.

Sharon Pauling of the Office of Development Programs in USAID's Africa Bureau asked whether any of the PVOs represented at this session had explicit policies related to working with their partners and whether these policies are written. ACVFA Member Peggy Curlin replied that partnership is a key value at CEDPA. Partners are identified in the organization's strategic plan as among its most important stakeholders. In addition, CEDPA has an organizational culture that promotes partnership. Their projects are never referred to as CEDPA projects, but as partners' projects. The

organization defines its role as a facilitating partner, rather than as an implementing partner.

Dr. Waters enumerated what participants had thus far indicated are the elements of successful partnership:

- The sharing in goal-setting
- A two-way transfer of skills
- It results in an organization that is strong enough to move on to address other problem
- The maintenance of each partners' identity and autonomy
- A sufficient degree of equity and respect
- It results in mutual benefits
- There is transparency and accountability.

Dr. Waters then asked, "If these are the elements of successful partnership, what can USAID do to facilitate successful partnerships?" One participant said that this should not be a donor-driven process, nor should it be over-prescriptive. If both partners agree to collaborate and are satisfied with the results, that is sufficient. In addition, a distinction should be made between successful partnership and good partnership. Dr. Salamon suggested that maybe the goal should simply be one of enabling local institutions. Instead of prescribing how it should be done, donors should focus on facilitating.

Who gets the check and who has final responsibility for accounting is a significant factor, said one participant. There is also an important difference between projects involving volunteers versus projects involving money. The participant then recommended that U.S. PVOs and local NGOs sign contracts together so that both are equally accountable.

Ms. Curlin said that while this sounds good, it doesn't work. She continued that she was pleased that USAID's Office of Private and Voluntary Cooperation (PVC) is encouraging partnership. But there is a distinction between an accounting mechanism and an ownership mechanism. She also pointed out that proposal writing is a key skill that partners often lack, and that should therefore be an important area for capacity-building.

Mr. Grant concurred with Ms. Curlin that grant writing and donor knowledge are capacities that international PVOs can assist local NGOs to build. The resource

imbalance, meaning the control of resources by groups from the North, is an issue that comes up again and again, that needs to be worked on seriously and creatively. The voucher program in India is an example of a creative solution to this problem. A participant encouraged USAID to experiment with ways of providing resources while simultaneously facilitating exchanges through which local PVOs could learn how specific interventions can work in their country and also learn how they have worked in other countries.

Dr. Waters asked participants if a recommendation is that USAID should stipulate working with local partners as part of its grant-making process. A participant pointed out that perhaps there shouldn't be a hard and fast rule, since partnerships depend on the local context. There are countries in which one has good partners and others in which one doesn't. Dr. Waters then asked whether skill transfer and mutual learning should be a guiding feature of USAID grant-making, and if there is a difference between using local NGOs or U.S. PVOs as intermediaries.

Ms. Wolford pointed out that there is another alternative and that is considering the role of government, especially municipal governments, which are able to look at the strengths and weaknesses of different organizations and development plans. USAID can employ its leverage with governments to do so. Mr. Grant asked whether one option might be looking at partnerships at the national level. Another might be that USAID play a stronger role in engaging at the municipal and local level.

A participant mentioned that while the four sectors of business, government, civil society and the press had received considerable attention during the discussion, little had been said about the role of churches or the role of political parties. Aside from the National Endowment for Democracy, the U.S. Government puts little money into political parties. This participant then asked whether or not part of the push for civil society should be support to political parties?

Ms. Curlin emphasized that outsiders should not be involved in elections, but acknowledged that strengthening civil society is political. While we cannot hope to right wrongs or address injustice, we can educate people about their rights and choices, for example, through civic education. Another participant commented that one way to build the capacities of local NGOs in this regard might be to include in every grant, requirements related to representation of the citizenry and good internal governance.

USAID needs to have some criteria for defining civil society, if only to be able to make explicit what types of organization it wants to support, while at the same time acknowledging its diversity, said one participant. Ms. Pauling replied that USAID has made it explicit that the Agency supports civil society organizations that are working on the democracy and governance issues of promoting participation in economic and political decision-making. Mr. Grant said the question might thus be framed as, "Does USAID have a set of criteria for working with civil society in bureaus and sectors other than democracy and governance?"

Dr. Greg Perrier, Public Diplomacy Fellow in PVC, questioned whether it is preferable for USAID to have a broader definition of what constitutes a civil society organization to accommodate the diversity of the sector, or whether it is preferable that the Agency have a single, united definition which would reduce flexibility. Ms. Curlin replied that it would be helpful to have a single definition.

Dr. Waters asked, "Is the recommendation then that USAID have a unified definition of what constitutes a civil society organization that is broad enough to reflect the diversity among NGOs?" Dr. Perrier suggested that the definition include the five components employed in Dr. Salamon's definition. A participant asked what that means for cooperatives which are not non-profit, but which distribute profits among their members. Concern was also expressed that the inclusion of the voluntary component would exclude many organizations. Ms. Curlin pointed out that if an organization has a voluntary board or voluntary governing body, then it meets that requirement.

Another participant asked whether there should be a requirement that civil society organizations represent their communities. Ms. Wolford said that requirement no longer applies to U.S. PVOs, since they do not always represent their communities.

Dr. Waters asked, "Is this question of representation related to accountability? What should USAID's role be in defining accountability? What do we mean by accountability? And will we know it when we see it?"

A participant commented that this is a difficult question because it raises another question, which is to whom is an organization accountable. It also raises many other questions related to the accountability to and of governance structures, such as non-profit boards. These questions are still problematic for U.S. PVOs, so it doesn't make sense to export them to other countries, where NGOs may be structured differently. Dr. Perrier suggested that there are two types of local civil society organizations, membership organizations and non-membership organizations. Accountability will mean different things for these two different types of organizations.

Ms. Pauling said that it is assumed that the needs that are being addressed (by local civil society organizations) are ones that have been articulated locally. So there needs to be accountability to the community that expressed the needs. A participant noted that there are many opportunists among civil society organizations, which are accountable to their donors, but which are not accountable to their communities.

Another participant said that one way of approaching accountability is through the setting of standards. InterAction is involved in setting standards for international organizations, which could be transferred to local organizations. Dr. Waters posed the question, "Do we want USAID and governments to set standards or do we want civil society organizations to do so?" Dr. Akinola replied that it often falls on governments to

set standards. "So there is a clarion call to NGOs to self-regulate, since governments often do not understand what NGOs are about."

The question was raised whether standards are sufficient, especially without accompanying compliance mechanisms. Ms. Curlin asserted that wherever NGOs work there are laws of the land against fraud and other crimes, but even if left to their own devices, NGOs are reasonably good at self-regulation.

A participant commented that in general, the closer an organization is to its community, the better its accountability, while the farther removed from its community an organization is, the greater the likelihood of opportunism. Another participant stressed that accountability takes money and time, and recommended that it be viewed as a long-term process. The process should include choosing a place to start, deciding on the level to aim for, and determining the resources required and available.

Dr. Waters put a number of other questions to participants, including: What are ways of fostering accountability and for setting standards? What are the mechanisms for exchanging information between organizations and communities? What is the role of USAID in defining standards? Should USAID and governments be responsible for creating the legal framework?

Ms. Wolford commented that the role of USAID should be to create enabling environments to ensure that NGOs are included in discussions during decision-making processes. Dr. Akinola said that another role for USAID is to strengthen the capacities of networks and umbrella organizations in countries in which policies relating to NGOs are being developed. "If these organizations receive support they can engage their governments in determining what future relationships are going to be," he added.

Dr. Waters asked whether the group was recommending the following roles for the Agency:

- To provide resources to build accountability.
- To strengthen local structures such as networks and umbrella organizations.
- To work with governments to create an enabling environment for civil society organizations.

Dr. Perrier explained that USAID is engaged in the latter in Ethiopia where it is trying to negotiate a better relationship between the government and local NGOs. He also suggested a fourth recommendation, that there should be different procedures, different levels of accountability and different levels of reporting required for different levels of NGOs. There should also be different levels of funding for different levels of NGOs.

SESSION TWO: *New Roles for Civil Society Organizations*

Moderator: Ms. Kate Raftery, Acting President, Partners of the Americas

What are the institutional development issues that need to be addressed to allow civil society organizations to meet new challenges?

Ms. Raftery explained to participants that the purpose of the session is to develop three-to-four important messages for the ACVFA to consider relaying to USAID in light of the fact that, as was mentioned at the morning session, USAID is open to input from partners in the upcoming review of its strategic plan. Participants in this group questioned whether the definition of a “civil society organization” includes all organizations that advance civil society, or only USAID-funded organizations that are accountable for advancing civil society goals, or all local organizations that require capacity building to be effective civil society actors.

Norman Nicholson of USAID’s Office of Development Partners explained that USAID essentially uses two definitions. One, as used by its Center for Democracy and Governance, encompasses organizations that work in the context of governance, elections, human rights, and advocacy, but would not include organizations such as water users associations and other similar local groups. The second and broader definition, employed by the Office of Development Partners, includes a wide variety of organizations.

ACVFA member Carol Lancaster pointed out that civil society organizations are very diverse in terms of function. The set of relationships to which we are referring is very complex and not yet well understood within the development community. It would be a mistake to view the sector as homogeneous. In addition, we can point to many activities by civil society organizations that presumably lead to economic growth and development, but the actual connection between civil society and development and democracy has not yet been fully explained. In this sense, the activities taking place on the ground are running ahead of our knowledge.

ACVFA member Elise Smith concurred, and added that the knowledge is there, but it just is not documented. USAID needs to share its models, and to do so, it needs to solicit input from organizations working in this area. She pointed out that, normally, organizations are not asked by USAID to report on their civil society activities if these activities fall under another sector such as agriculture.

The group discussed the various definitions of civil society organization. It was suggested that it may be useful to equate such organizations with the nonprofit sector. The need for a typology of civil society organizations was also discussed. Such a typology, based on the roles and functions of civil society organizations, classified

regionally, would be helpful because it would identify what the organizations do (e.g., provide technical assistance). While some thought that this would be useful, others were of the opinion that classification would be difficult at best, and perhaps not useful, since all organizations perform civil society functions on a continuum – for example, a pure food development organization may need to advocate, or use advocacy skills, if food cannot be obtained.

Ms. Raftery asked the group to turn to the question of USAID’s civil society policy. Ms. Lancaster asked whether or not USAID has a civil society policy framework. Mr. Nicholson responded that the New Partnerships Initiative (NPI) is perhaps the closest to a policy on civil society. The NPI addresses macro issues related to civil society development, while most other USAID work is organization-specific and geared toward building organizations that work in other sectors. The Bureau for Europe and the New Independent States is taking the approach of increasing citizen participation, which has led to a strategy of capacity building for advocacy.

ACVFA member Brad Smith asked, “What would a healthy mix of organizations look like in a particular country?” He inquired whether “diversity of civil society organizations” could be an objective in a USAID results framework.

The group discussion concluded with several suggestions for USAID regarding issues that need to be examined further, and NGO needs for support:

- USAID should look at the issue of how resources change an organization to find ways for organizations to remain accountable to their constituencies.
- USAID should adopt a definition and a set of objectives for civil society against which we all can work and be accountable.
- USAID should examine all facets of NGO accountability.
- USAID should collect the data that exists among field practitioners and share it among its Bureaus and with the development community.
- USAID should support management and budget training for NGOs.
- USAID should fund modern communications for NGOs, with the objective of transferring models of efficiency.

SESSION THREE: *Civil Society and Business Relationships*

Moderator: Mr. William Witting, Director, Agribusiness Volunteer Program, Citizens Network for Foreign Affairs

What are the basic principles of business/civil society partnership and what factors should be considered for mutually productive relationships?

Mr. Witting opened the discussion by asking the group to focus its comments on recommendations for USAID. He stated that the focus needs to be on what are productive relationships between civil society and business, and along the way the pitfalls could be discussed. At the end the task would be to draw some conclusions regarding what AID can and should do.

“How can AID foster productive relationships between civil society and business?” he asked.

The discussion began with the differences between the sectors. The initial characterization was that the private sector is driven by the bottom line and is good at dealing with production and trade and quantitative things. There are things not valued monetarily in the marketplace but that are well handled by government, such as safety and public health. There are services not provided by the private sector--for example, phones--because it's not profitable. The proper strategy is to seek the complementarity of business to group-based activity and the public sector. Aid can make a huge difference with barriers to partnership; barriers including:

- Differences in relative power;
- Financial mechanisms: Non-profits can't do work without getting paid.

PVC's Corporate Community Investment Service (CorCom) project was introduced as an effort to capture public-private partnerships. Beginning with a case study approach, they have identified some attributes of successful partnership:

- Support of the board to have business partners
- Support of field people
- Support of NGO partnerships

CorCom has developed experience on choosing partners, negotiating deals, transparency, and overcoming inequality through respect. Beyond such useful approaches to corporate sponsorship, the issue was raised of working in the field where business is negatively influencing a situation by the imbalance of power. How do you structure your relationship with the corporate sector to deal with issues like this?

It is necessary, a participant suggested, to differentiate between multinationals at headquarters, multinationals in-country and national companies. The bottom line is that profit needs to be defined as 'benefit'. All three want 'benefit'. Most companies desire benefit that is bigger than just profit. In the long-term they want healthy workers and a healthy environment. As a first step, business partnerships try to influence and build confidence in the NGO community as equal players.

Participants raised several additional issues and considerations for working effectively with businesses:

- The core principles from which we can build and work together: 1) equity (rather than equality); 2) transparency (what are the motives? -- people can accept different values); and 3) mutual benefit.
- Look for overlap of legitimate benefit for business and legitimate benefit for NGOs. How do you structure the relationship so that both sides have an incentive to stay at the table. What are some models?
- There is a perception of corporations and big businesses that is confirmed in some instances and contradicted in others. You can't automatically generalize about the private sector. On the other hand, USAID has to treat them on a case by case basis. We need to look at the experience and identify classes or categories as a starting place.
- The different resources and capabilities of each situation will affect how relationships are developed. Look at opportunities for partnering on the "people" side or the technology side of the equation. Perhaps start with country level planning, or training or volunteers. Rather than starting with the macro, work up towards broader relationships, recognizing that multinationals are as big and complex as USAID or the World Bank. Begin with mutual interests and mutual needs.
- The long-range view is key. To hand off government subsidized activities, you need to make hard decisions early on. For example, if salaries are too high, they won't be sustained by the private sector after the hand off. The lesson here is if you are going to pursue a private partnership, particularly as a strategy for sustainability, start early and work long.
- There is a huge potential of the public sector (e.g. USAID & local levels). USAID must find ways to be more confident regarding the intermediary role. Through dialogue on important concerns and issues, it is possible to identify dozens of ways that the private sector can contribute to the development agenda. Non-cash contributions are significant and a good way to start. There is a huge list of non-cash resources business can bring.
- The various sectors must to come together for discussion and, better yet, for direct experience of each other's values and work. Not only do the sectors need to understand each other but also to "experience life on the other side." An example was related of managers from a capital city going to live for three weeks in remote villages. Talking to poor people and seeing how they managed their own records led to changes in the credit laws.
- A regional tier between the micro and macro needs funding. It is important to have a multi-layered network of people climbing the same mountain.

- South-to-South partnerships are also an important possibility. For example, a Filipino business coalition has mobilized huge resources from business.
- It is a bad idea fund anything at 100%. At least 50% should be gifts in-kind (airfare, hotels, etc.) Part of the learning process is getting the resources together. It was recognized that it's difficult for USAID to deal with these small bits of money.

Throughout the session there also surfaced a number of suggestions for USAID, including:

- Bring together groups of NGOs, businesses and others for dialogue on partnerships.
- Encourage USAID's field staff to support cutting edge approaches through strategic guidance. The R4 guidance could ask for innovative models or examples. USAID could look at ways businesses and PVOs have partnered that fully involve NGOs in the process. There are lots of innovative models.
- Opportunities (like the Mission Directors' Conference) to bring the business community into the dialogue should not be missed. Top down (such as big conferences) and bottom up (such as innovative approaches by missions) should both be encouraged. Training should involve headquarters and field staff.
- CorCom should do case studies and share them with the popular press.
- Missions should have more contact with Chambers of Commerce and the commercial attaches.
- USAID should convene focused, results-oriented sectoral fora to draw business people; one-day summits could also be considered.
- USAID should differentiate between professional and trade associations.

REMARKS, J. Brian Atwood, USAID Administrator

Mr. Atwood applauded ACVFA and the meeting participants for taking on the complex and challenging issues of how to define civil society, and how best to strengthen civil society organizations. These are questions that USAID constantly grapples with, he said, and perhaps the answers lie in the knowledge and information represented by the participants in today's meeting.

Before discussing civil society further, Mr. Atwood provided an update on the USAID-sponsored White House inter-agency conference, "A Call to Action" on Hurricane

Mitch reconstruction, which was held simultaneously with the ACVFA meeting. “This conference exemplifies the best kind of American values - generosity,” Mr. Atwood remarked. The private sector representatives at the conference evidenced a generous spirit in responding with services, goods, and ideas to help in the reconstruction effort. Mr. Atwood also noted a real understanding among the Central American governments themselves, reflected in the remarks of cabinet ministers, that the goal is not a top-down reconstruction effort of the kind that has been unsuccessful in the past, but is to strengthen the capacity of the governments to involve their people in the reconstruction effort. It is clear to all that aid agencies will need to engage civil society and local governments in the effort. There is consensus that the effort must be accountable, and USAID has reached agreement with the Central American governments to audit the resources that are sent. The governments were completely in support of this need for transparency and accountability.

The theme of this relief effort is transformation through reconstruction, so at the end of the three-to five-year reconstruction period, there will be real enhancements of equity, of environmental security, and of resources for crisis mitigation in the future. At the same time the old, vulnerable infrastructure will have been replaced with modern infrastructure, including new housing.

Vice President Flores of Guatemala was eloquent in describing the concerns of the Central American governments about global warming. Central Americans want to know why they are suffering the worst storms in their history. Although scientists will make a distinction between climate and weather, there can be no doubt that these storms were a result of global warming, for which we bear real responsibility. At the same time, it was clear that the Central American cabinet ministers and others involved in the relief effort have been impressed with the response of USAID and NGOs to the crisis.

Turning to the topic of civil society, Mr. Atwood said that European governments and other donors are just starting to work with the vitally important civil society sector. For various reasons, most European development assistance is provided through governments, though USAID insists on the latitude to work with civil society organizations as well as governments. The Agency’s belief is that successful development cannot occur from the top down alone, nor can it be done “to” or even “for” people, but must be done “with” people. For sustainable development to take place, there must be demand from people at the grassroots level, and governments must be responsive. This has been pointed out by Nobel Prize winner Amartya Sen, who has written that famines have not occurred in democratic societies because these societies are responsive to people at the bottom. It is elemental that if you are to be successful in promoting the rule of law and in strengthening the judiciary, or in working to achieve sustainable economic growth, you must create the conditions in which people at the local level demand more of their governments. These gains will only be sustained through the development of a strong civil society interacting with

government and the private sector in a democratic environment. The deliberations here today will undoubtedly develop these concepts further.

Mr. Atwood concluded by expressing appreciation to the ACVFA for its work and advice on issues of vital importance to USAID. He also thanked John Grant for his leadership of the Office of Private and Voluntary Cooperation, which among other accomplishments, has resulted in the opening of a dialogue between northern and southern NGOs.

REPORTS FROM BREAK-OUT SESSIONS

Moderator: Dr. Lester Salamon

Dr. Salamon introduced the discussion leaders, noting that through their groups' recommendations, participants will have an opportunity to make a concrete input into USAID's strategic planning process, as the Agency moves ahead over the next year to revise its matrix of objectives to better address crosscutting issues.

New Roles for Civil Society Organizations - GROUP ONE

Moderator: Kate Raftery, Acting President, Partners of the Americas

Ms. Raftery said that the group began by looking at the lead question that had been presented in light of possible recommendations for USAID. That very question of new roles for civil society organizations and how best to strengthen them raised another question of whether we are referring to the strengthening of individual organizations or of the enabling environment. In discussing this definitional issue, the group came to the conclusion that it would be helpful to civil society practitioners to have a policy

statement from USAID, to ensure that we are all working toward, and are accountable for, the same end. It would also be helpful for USAID to disseminate information to the foreign assistance community in a more consistent fashion. Several group members had the experience of receiving different information on goals, objectives and definitions regarding civil society from different offices within USAID. A consensus on the vocabulary and terminology would also be beneficial. The implementing organizations are concerned that they may not be pursuing the right strategies for strengthening the enabling environment, since there is a lack of clarity on USAID's policy in this area. While USAID is supporting many valuable activities, these are not always disseminated.

The group also discussed issues related to accountability. They agreed that while it is difficult to hold organizations accountable in relation to this sector, greater clarity of objectives would make it easier for USAID to hold them accountable. However, USAID should make it very clear that these civil society organizations need to be accountable

first to their constituencies, then to the donors. In summary, the group recommended that USAID:

- Adopt agency-wide definitions, an overall policy, and clear objectives;
- Assist PVOs to receive information related to this sector that is consistent across the agency;
- Make a clear distinction between strengthening institutions and creating enabling environments.

In response to a query by Dr. Salamon about whether the group concluded it would be desirable for USAID to move toward an explicit policy on civil society, Ms. Raftery confirmed that this was the consensus of the group.

USAID and U.S. PVO Policy Toward Civil Society Organizations - GROUP TWO
Moderator: Cherri Waters, Vice President, InterAction

Ms. Waters reported that this group had six recommendations under the broad areas of partnership, civil society, and accountability. They are:

- Partnership includes efforts to create a more level playing field for partners in developing countries, and USAID should create mechanisms for this to happen, including requiring the strengthening of local organizations in its grant making with U.S. PVOs and others.
- USAID should use its role as a governmental organization to foster consultation within countries among business, government and the civil society sector.
- USAID should adopt a single, universal definition of civil society that is broad enough to accommodate the diversity of civil society organizations in a country.
- USAID should support four mechanisms for fostering accountability of both PVOs and NGOs. These are: (1) mechanisms for information sharing or transparency; (2) participatory evaluation methodologies to see if programs have done what they intended to do; (3) the establishment of standards by civil society organizations in countries; and (4) conflict resolution and mediation-type activities.
- USAID should work with governments in countries to create enabling environments for civil society. This would not be a structure of regulations that would strangle civil society, rather an environment that would help foster accountability and to deal with questions of to whom the organization is accountable.
- USAID should develop new mechanisms for accounting and reporting for use by local organizations that are appropriate to those organizations' capacities. For example, one should not expect a local organization to fill out an A-133.

Civil Society and Business Relationships - GROUP THREE

Moderator: William Witting, Director, Agribusiness Volunteer Program, Citizens Network for Foreign Affairs

Mr. Witting reported that the group addressed the issue of the potential and need for increased cooperation with the private sector. The discussion focused on this cooperation within specific countries at the local level, as well as on cooperation between U.S. PVOs and businesses in the United States. There were a number of conclusions and recommendations:

- Although there are pitfalls in collaboration among the three sectors, there is also great potential if there is sufficient dialogue and if ways can be found to arrange such collaborations. There are many different models for this type of collaboration; therefore, USAID should not be prescriptive, nor try to define the model, but should facilitate the dialogue. The actual collaborative activity should be organized directly among the parties.
- Education and confidence building are essential elements of any initiative in this area. USAID should focus its activities on education and fostering mutual understanding. Businesses have limited knowledge of what NGOs are doing and what their capacities are, and NGOs do not understand business. Improvements in mutual understanding are needed, and this might be the general umbrella under which USAID could focus its activities. USAID is already active in this area; for example, PVC is fostering dialogue and cooperation with the private sector, mainly working with individual NGOs. There is another newer PVC activity to advise USAID Missions how to go about approaching business and increasing interaction with the private sector. Various USAID Missions have supported activities of this type; however, there does not seem to be an agency-wide activity.
- USAID's actions in relation to fostering partnership with the private sector should be carried out at all levels, and especially at the local level, where it is easiest to attract the attention of business. This is where the bulk of action will be, since this is where the company staff with the projects and the time to devote are located. USAID should support mechanisms to facilitate and increase such dialogue at the local level.

- USAID should find more explicit ways to involve the private sector in its planning, beginning with country strategies and early thinking about specific activities. For example, applicants for RFPs and RFAs might be asked what might be the role of the private sector in this proposed activity. The Agency might also hold seminars - preferably at the country level but possibly at the Washington level as well - on specific and well-focused themes, such as health or agriculture, and invite all stakeholders, to stimulate discussion about specific projects among the business, government and civil society sectors.

Discussion:

Dr. Salamon commented that five salient points have emerged from these discussions, related to: the establishment of an enabling environment; the need for a definition and information; the need for collaboration among sectors; the need for new mechanisms to make it all feasible; and training and education to equip people to operate in a kind of new paradigm. He questioned whether the groups discussed the enabling environment as a matter of law, or as a broader concept. Group one discussed the enabling environment in broad terms, touching upon the question of whether civil society practitioners from the north tend to impose their standards on local organizations, rather than providing them with an array of choices. That group also concluded that the absence or shortage of resources cannot be used as an excuse for not doing new things, although it often is. Civil society practitioners should be looking at new ways of doing business and trying new approaches. Group two discussed not only matters of law, with reference to accountability issues, but also policy and culture. With reference to USAID's definitions, the group reiterated that the problem is not that USAID has a narrow definition, but that different sectors and offices of the Agency have different definitions. All offices should use the same definition.

Mr. Grant asked if any of the groups talked about a need for USAID to find new ways to make itself more accessible to civil society groups - for example, new mechanisms to facilitate communication and contact with civil society organizations so that it can get inputs from these groups. He also asked if they had discussed how other actors, such as the World Bank, are struggling with the same issues. Ms. Raftery replied that her group had discussed the need for USAID to take a more proactive stance in bringing together other donors for the purposes of joining forces or complementing each other's activities, and using technology to bring other actors in to communicate with USAID. However, the problem of USAID's decentralization was brought up as an issue that would hinder this, because each office uses different terminology.

Ms. Waters added that her group had discussed the problem that indigenous organizations have in accessing donor organizations, and also in taking advantage of electronic communications to enhance information sharing. However, the group did not identify specific mechanisms. The group acknowledged that local NGOs sometimes have difficulty communicating with USAID.

Cathryn Thorup, Director of USAID's Office of Development Partners, said that it is important to recognize that we are suggesting that USAID do a lot more in the area of civil society, while at the same time, we are asking USAID to bring together all the different definitions and approaches to civil society. There may be a middle ground for all this in the new efforts on intersectoral partnerships and the ongoing New Partnerships Initiative (NPI) work that USAID is currently doing. Ms. Thorup's office is now coordinating these activities and is examining how the three sectors interact best. Information about this may be found on USAID's website, and there is a hands-on guide to intersectoral partnering for results that is available today. (Attached)

Ms. Raftery suggested that perhaps USAID may not even be aware of all the activities the Missions are supporting to strengthen civil society; thus, it may not be a question of doing more – USAID may be doing enough already through its agriculture, economic growth and other offices, but it is not being reported centrally.

Dr. Salamon asked the group to comment on the role of the U.S. PVO community in civil society development. Although the groups did not discuss specific recommendations for U.S. PVOs, there is a distinction between the U.S. PVO community's role and that of USAID, Ms. Waters observed. If U.S. PVOs start with a partnership model, and most of the members of the PVO community now support this approach, then U.S. PVOs will have to adopt certain fundamentals in their relationships with local NGOs. Some of these fundamentals include defining and agreeing upon roles and responsibilities with the local partners, as well as determining how financial arrangements will be handled in ways that promote fairness, capacity building and accountability, and a level playing field.

A participant pointed out that it seems that these discussions focus mainly on PVOs and NGOs, and questioned whether PVOs and NGOs are the only vehicle to build the capacity of such a diverse sector. Sustainability is almost always defined in terms of the sustainability of individual organizations, whereas perhaps it should be defined as the ability of society to solve its own problems and should be discussed in the context of creating the enabling environment. There was agreement that it is important to create the conditions that allow the sector as a whole to exist, and also allow individual organizations to evolve from focusing on the problems around which they were originally formed, to addressing other problems of the society.

Dr. Salamon concluded, "We may be witnessing the emergence of a new paradigm in this field - a paradigm that would include mechanisms for enlisting much deeper participation in the development process. But this is a complex sector that requires new mechanisms and new ways of thinking. Some existing procedures may be in conflict with our objectives. The emergence of new paradigms creates the need for new policies and procedures. We are currently in such a period, and the suggestions from today's meeting will be an important part of that process."